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UNCLAS BAGHDAD 002374

SIPDIS

SENSITIVE

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FAS/IRAQ TASK FORCE/LASCHATZ

E.O 12958: NONE

TAGS: EAGR ETRD PREL IZ ECON

SUBJECT: LATEST FROM IRAQ'S MINISTER OF TRADE ON THE PDS.

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INTERNET.

¶1. (SBU) In a June 1 meeting with IRMO reps Minister of Trade Abd' al-Bassit Kareem informed us that he does not expect new wheat, sugar or rice imports into Iraq for the Public Distribution (food ration) System (PDS) until mid-July. According to the Minister, US wheat, including a shipment from Cargill continues to offload in Tartous, Syria and is being distributed throughout Iraq. He also informed us that on May 31 he was interviewed by Al Arabiya television and informed the audience that new procedures are being developed by the Ministry that should allow PDS food supplies to flow more regularly in July.

¶2. (SBU) The Minister also developed and proposed new contracting procedures for the Ministry and submitted them to the Cabinet. He believes these will be approved in the coming week. Minister Kareem agreed to share the new procedures with us once they are approved. Wheat, sugar and rice tenders are currently being finalized for the PDS. Minister Kareem will limit these tenders to well-established international suppliers and consortia, sticking to a vow he made during our initial meetings with him. (septel)

¶3. (SBU) In addition to expecting a two-week timeline for bids to come in for the Ministry's tender, Minister Kareem is meeting twice weekly with the Ministry of Finance (MOF) to ensure funding for the anticipated tenders. In addition to the current tenders, he continues to work closely with the MOF to line up funding for an additional 2 to 5 months worth of PDS requirements. His intention is to build reserves, funding permitting.

¶4. (SBU) In addition to PDS issues, the Minister continues to worry about security: both his own and that of the new Ministry compound. IRMO is working to address his concerns. A new MOT satellite office within the International Zone should be ready for occupancy in the next weeks, providing a more secure location for the Minister to meet with USG representatives.

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